

**SALES AND USE TAX REVIEW COMMISSION
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

BILL NUMBER:

S-1714

DATE OF INTRODUCTION:

May 8, 2008

SPONSOR:

Senator Allen

DATE OF RECOMMENDATION:

June 12, 2008

IDENTICAL BILL:

A-782

COMMITTEE:

Senate Law and Public Safety and Veterans' Affairs Committee

DESCRIPTION:

This Bill creates an exception in the imposition of sales tax on storage facility space furnished to active duty military personnel three months before training for active duty or three months before active duty and extending to three months after active duty return.

ANALYSIS:

Effective October 1, 2006, amendments to the New Jersey Sales and Use Tax Act (P.L. 2006, c. 44) impose tax on the furnishing of space for storage of tangible personal property by a person engaged in the business of furnishing space for such storage. The law extends the tax to transactions where the facility merely provides the space, but not any services. These facilities are commonly referred to as "self-storage" or "miniwarehouse" units.

Although the Commission values the sacrifice and commitment made by the men and women who would be the beneficiaries of this legislation, the Commission does not support the use of tax policy as a vehicle to advance or reward favorable social or civic behaviors, even though the behaviors promoted might be beneficial to the State.

Additionally, the exemption would further alter the broad-based nature of the sales and use tax. As this area of imposition was enacted effective October 1, 2006, this area is a new revenue source for the State. The Commission has not been presented with any reasoning compelling enough to support the repeal or chipping away of this new initiative.

RECOMMENDATION:

The Commission does not recommend enactment of this Bill.

COMMISSION MEMBERS FOR PROPOSAL: 2

COMMISSION MEMBERS AGAINST PROPOSAL: 5

COMMISSION MEMBERS ABSTAINING: 1